

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---------------------------------|---|------------------------------------|
| In re: | : | Chapter 11 |
| | : | |
| NORTHWESTERN CORPORATION, | : | Bankruptcy Case No. 03-12872 (JLP) |
| | : | |
| Reorganized Debtor. | : | |
| | : | |
| In re: | : | Chapter 11 |
| | : | |
| NETEXIT, INC., et al., | : | Bankruptcy Case No. 04-11321 (RB) |
| | : | |
| Debtors. | : | |
| | : | |
| OFFICIAL COMMITTEE OF UNSECURED | : | Civil Action No. 05-378-JJF |
| CREDITORS, | : | |
| | : | |
| Appellant, | : | |
| | : | |
| v. | : | |
| | : | |
| NETEXIT, INC., et al., | : | |
| | : | |
| Appellee. | : | |
| | : | |
| OFFICIAL COMMITTEE OF UNSECURED | : | Civil Action No. 05-385-JJF |
| CREDITORS, | : | |
| | : | |
| Appellant, | : | |
| | : | |
| v. | : | |
| | : | |
| NETEXIT, INC., et al., | : | |
| | : | |
| Appellee. | : | |

**STIPULATION BETWEEN NETEXIT, INC. AND THE COMMITTEE REGARDING
STAY OF APPEALS**

Netexit, Inc., et al. (the "Debtors") and the Official Committee of Unsecured Creditors appointed in the Debtors' bankruptcy proceeding (the "Committee," collectively with the

Debtors, the "Parties"), by and through undersigned counsel, hereby stipulate and agree as follows:

A. On September 14, 2003, NorthWestern Corporation ("NorthWestern") filed a voluntary petition under chapter 11 of title 11 (as amended, the "Bankruptcy Code"). On October 19, 2004, an order confirming NorthWestern's Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan") was entered. The effective date under such Plan occurred on November 1, 2004.

B. On May 4, 2004, each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors are debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

C. On or about April 28, 2005, the Bankruptcy Court entered an Order denying the Committee's Motion for Reimbursement of Amounts Paid by the Netexit Debtors on behalf of NorthWestern Corporation in both the Debtors' and NorthWestern's bankruptcy proceedings [Docket No. 480 in Case No. 04-11321 and Docket No. 3019 in Case No. 03-12872] (the "Order").

D. On or about May 6, 2005, the Committee filed its notice of appeal of the Order in both bankruptcy proceedings. On or about June 10, 2005, the appeals were docketed on the docket for the United States District Court for the District of Delaware (the "District Court") and designated Civil Action 05-378-JJF and Civil Action 05-385 (collectively, the "Appeals").

E. On June 23 and 24, 2005, the Parties participated in a non-binding mediation to resolve disputes in connection with the Debtors' proposed plan of reorganization. As a result of the mediation, the Parties reached a settlement. Pursuant to the settlement, prior to confirmation

of the Debtors' proposed plan of reorganization, as amended, the Committee agreed to suspend action on the Appeals.

F. On or about June 29, 2005, the District Court entered its Order appointing Louis C. Bechtle as mediator (the "Mediator") in the Appeals.

G. Pursuant to the District Court's Standing Order dated July 23, 2004 regarding the procedures governing mediation of appeals from the United States Bankruptcy Court, within fifteen (15) days after the selection of a mediator, parties shall submit to the mediator a confidential position paper.

NOW THEREFORE IT IS HEREBY STIPULATED AND AGREED THAT:

1. Pursuant to the settlement between the Parties, the Parties agree that all action on the Appeals shall be stayed pending confirmation of the Debtors' proposed plan of reorganization, as amended.

2. The Parties agree that the mandatory mediation, including submittal of position papers, shall be stayed as to all parties pending confirmation of the Debtors' proposed plan of reorganization, as amended.

3. This Stipulation shall be binding upon and inure to the benefit of the parties hereto, their subsidiaries, affiliates, including transmission affiliates, successors and assigns, including any chapter 11 trustee or chapter 7 trustee that may be appointed in this case.

4. This Stipulation may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures of the parties shall be binding upon the parties to the same effect as original signatures.

5. Upon approval by the District Court, this Stipulation shall be effective immediately. The District Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation.

Dated this 14th day of July, 2005

Agreed:

For Netexit, Inc., et al.

By: Karol K. Denniston
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Karol K. Denniston
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For the Official Committee of Unsecured Creditors

By: _____
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Dennis A. Meloro (Dennis A. Meloro DE Bar. No. 4435)
8/2/05

5. Upon approval by the District Court, this Stipulation shall be effective immediately. The District Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation.

Dated this 14th day of July, 2005

Agreed:

For Netexit, Inc., et al.

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Karol K. Denniston
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For the Official Committee of Unsecured Creditors

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| Appellee. | : | |

ORDER APPROVING STIPULATION

UPON the Stipulation Between Netexit, Inc., et al. ("Debtors") and the Official Committee of Unsecured Creditors ("Committee," collectively with Debtors, the "Parties") Regarding Stay of Appeals (the "Stipulation"), it is hereby

ORDERED, that the Stipulation is hereby **APPROVED**; and it is further

ORDERED, that pursuant to the settlement between the Parties, all action on the Appeals shall be stayed pending confirmation of the Debtors' proposed plan of reorganization, as amended; and it is further

ORDERED, that pursuant to the settlement between the Parties, the mandatory mediation, including submittal of position papers, shall be stayed as to all parties pending confirmation of the Debtors' proposed plan of reorganization, as amended.

ORDERED, that this order shall be effective immediately; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this order.

Dated: Wilmington, Delaware
July __, 2005

United States District Judge